

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL
FOR: HEALTH CARE FINANCING ADMINISTRATION**

1. TRANSMITTAL NUMBER: <u>02-014</u>	2. STATE: <u>NEW JERSEY</u>
3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
4. PROPOSED EFFECTIVE DATE <u>July 1, 2002</u>	

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN ☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN ☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION: <u>42 CFR 440.13</u>	7. FEDERAL BUDGET IMPACT: a. FFY <u>2002</u> \$ <u>2.00 million</u> b. FFY <u>2003</u> \$ <u>14.00 million</u>
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: <u>Attachment 4.19B Page 24</u>	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): <u>None</u>

10. SUBJECT OF AMENDMENT:

Administrative Costs for Training and Support of the Division of Youth & Family Services

11. GOVERNOR'S REVIEW (Check One):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT
☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☒ OTHER, AS SPECIFIED:

Expenditures are to be paid by the State

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:

Madelyn L. Harris

14. TITLE:

Commissioner

15. DATE SUBMITTED:

16. RETURN TO:

Madelyn L. Harris, Director
6-445
P.O. Box 712
Trenton, NJ 08646-0712

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: <u>DEC 13 2002</u>	18. DATE APPROVED: <u>DEC 13 2002</u>
PLAN APPROVED - ONE COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL: <u>07/01/02</u>	20. SIGNATURE OF REGIONAL OFFICIAL: <u>[Signature]</u>
21. TYPED NAME: <u>Sue Kelly</u>	22. TITLE: Associate Regional Administrator Division of Medicaid and State Operations

23. REMARKS:

As per State request on 12/02/02 originally submitted pages are being replaced with Attachment 4.19B Page 24 and Page 24.1 and are being approved.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
Reimbursement for Mental Health Rehabilitation Services
Residential Child Care Facilities, Children's Group Homes, and Community
Psychiatric Residences for Youth

Mental Health rehabilitation services in residential child care facilities (as defined in N.J.A.C. 10:127) and children's group homes (as defined in N.J.A.C. 10:128), both of which are licensed by the Division of Youth and Family Services, or community psychiatric residences for youth (as defined in N.J.A.C. 10:37B), that are licensed by the Division of Mental Health Services will be reimbursed for mental health rehabilitation services as follows:

Reimbursement for mental health rehabilitation services for Medicaid eligible children under the age of 21 and NJ KidCare-Plan A children, provided in psychiatric community residences for youth, residential child care facilities, or children's group homes shall be based on reasonable, negotiated, contracted costs as defined in both the Department of Human Services' Contract Reimbursement Manual and the Contract Policy and Information Manual. These manuals describe the rate setting process, which is based on a retrospective reimbursement system.

Facilities will receive a minimum per diem reimbursement calculated in accordance with the manuals, provided that they meet all other contract requirements. Except for treatment homes licensed by the Division of Youth and Family Services, facilities whose contracted rate is greater than the minimum base per diem rate established January 1, 2001, but whose contracted rate is less than \$190 per diem, will receive a base per diem rate of \$190, if the provider otherwise meets all other contract requirements. For dates of service on or after September 2, 2001:

- (a) the increase in the base per diem rate of \$190 for qualifying facilities is limited to in-State facilities; and
- (b) in-State facilities whose base rate has increased above the January 1, 2001, minimum base due to a requested expansion of contractual obligations are also eligible to receive the base per diem rate of \$190.

Treatment homes licensed by the Division of Youth and Family Services will receive a base per diem rate below the minimum base per diem rate established January 1, 2001. The below minimum base per diem reflects the lower level of care requirements for treatment homes as opposed to facilities reimbursed at the minimum base per diem. Treatment homes serve five or fewer children who are capable of community living but who need a small group environment.

Reimbursement for Title XIX reimbursable services will be determined from the per diem rates by using the median percentage of reimbursable costs of contracted providers in each provider grouping in a selected regional area of the state. The median of the percentages of Title XIX reimbursable services in relation to total operating expenditures from the sample shall be applied to each provider's per diem rate to determine the reimbursement rate for Title XIX matchable services. The median percentage factor may vary depending upon the provider group they belong to, i.e. non-JCAHO accredited residential child care facilities, children's group homes or community psychiatric residences for youth. The aforementioned

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Supersedes SPA 01-24-MA

02-14

Approval Date DEC 13 2002

Supersedes 01-24

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methodology has been deemed suitable by the Administration for Children and Families (ACF) to extract social services costs from the Title IV-E Foster Care Program.

If a regional area contains too few provider groupings to use the median-based methodology described above, reimbursement for room and board will be computed for each individual facility.

For provider types that are not required to submit cost data, the Title XIX reimbursable services rate will be determined by subtracting the Title IV-E Foster Care stipend from the per diem rate.

Reimbursement for clothing that is required as part of a treatment regimen and included in the Plan of Care will be included in the Title XIX reasonable costs.

Reimbursement for transportation for medically necessary purposes will also be included in the per diem rates. Cost of non-patient related care travel, such as commuting, shall be excluded from the per diem rates. Patient related transportation costs incurred will be included in the allowable Title XIX costs of the provider if reasonable and necessary. This would include amounts paid to or on behalf of an employee for necessary patient care transportation and reasonable costs of owned or leased vehicles used to transport a child for medically necessary patient care. Transportation costs related to meetings and conferences will be included in the per diem rates when the primary purpose of such meetings and conferences is the dissemination of information for the advancement of patient care or efficient operation of the facility. This policy for transportation costs is in accordance with Medicare cost principles as defined in the Medicare Provider Reimbursement Manual, HIM Pub 15-1.

These rates will not be adjusted in the provider's current contract year except for Department of Human Services approved adjustments, including, but not limited to, cost of living adjustments.

The rates established above will continue to be reviewed and, if necessary, revised at the end of the contract year upon submission and review of each provider's year-end reports. A determination of reasonable actual costs will be made by the respective agencies of the Department (the Division of Mental Health Services or the Division of Youth and Family Services) and final per diem rates will be determined. Any adjustment in the final rates will be consistent with the principles in the Contract Reimbursement Manual, the Contract Policy and Information Manual, and the median reimbursement methodology discussed above.

In no case will the federal claim for these services exceed the federal upper payment limits as defined in 42 C.F.R. 447.325, which precludes the claiming for costs that exceed the prevailing charges in the locality for comparable services.

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